

FISCAL NOTE

Bill #: HB0091

Title: Revise method for extension of
municipal jurisdiction for building
codes

**Primary
Sponsor:** Bruce Simon

Status: As introduced

Sponsor signature	Date	Dave Lewis, Budget Director	Date
-------------------	------	-----------------------------	------

Fiscal Summary

	<u>FY2000 Difference</u>	<u>FY2001 Difference</u>
Expenditures:	\$0	\$0
Revenues:	\$0	\$0
Net Impact on General Fund Balance:	\$0	\$0

<u>Yes</u>	<u>No</u>		<u>Yes</u>	<u>No</u>	
X		Significant Local Gov. Impact	X		Technical Concerns
	X	Included in the Executive Budget	X		Significant Long- Term Impacts

Fiscal Analysis

ASSUMPTIONS:

1. Passage of HB91 will result in the nine municipalities with extended municipal building codes enforcement jurisdictions (extended jurisdictions) losing authority to enforce building codes in their extended jurisdictions immediately upon passage and approval. The responsibility for issuing building, mechanical, plumbing and electrical permits, and completing the required inspections in the extended jurisdictions will return to the Department of Commerce/Building Codes Division.
2. A moratorium is imposed on the municipalities from enforcing building regulations in the extended areas until a special mail ballot election has been conducted with every qualified elector in the affected extended jurisdictional area. The county in which the municipality is located shall conduct the mail ballot election, with the cost of the election paid for by the municipality.

3. Division enforcement of building codes in the extended jurisdictions will result in no building inspections of new and remodeled single family dwellings in four-plexes and less, private garages, private storage buildings and farm and ranch buildings being built in the extended jurisdictional areas because of state exemptions. These state-exempted buildings are presently covered by the municipalities with extended jurisdictions.

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

Montana Association of Counties

No fiscal impact

Secretary of State's Office

There appears to be little effect on local expenditures. Since the election is provided as a choice for the cities, there are no required expenditures. Cities may find that a mail ballot election is more expensive to hold.

Department of Commerce, Building Codes Division

1. The municipality will be required to pay the expense of the mail ballot election, administered by the county, to determine whether it may enforce building regulation in the extended area. As examples of election costs to local governments, the city of Billings estimates the cost of a mail ballot election of all electors in its present jurisdictional area (inside the city limits and in the extended area) to be \$35,680 (based on an estimate of 80% of a county estimate for a county wide ballot election of \$44,600). The city of Kalispell estimates the cost of a mail ballot vote at \$1.00 to \$1.25 per elector, with an estimated total cost to Kalispell of \$7,500 to \$9,375 for electors inside the city limits and \$4,500 to \$5,625 for electors in the present extended jurisdictional area (\$12,000 to \$15,000 total for all electors in the Kalispell present jurisdictional area).
2. Municipalities with extended jurisdictional areas collect a substantial portion of their building enforcement program operating revenues from the extended jurisdictional area. Estimates for FY 1998 indicate the following projected lost revenue totals: Billings (21%) \$266,566; Bozeman (31%) \$162,123; Kalispell (3 year average of 13%) \$38,317; Missoula (3 year average of 20%) \$163,208; Whitefish (3 year average of 30%) \$42,689; and Columbia Falls (an estimated 10%) \$6,323. A 10% to 30% loss in revenue (21% average projected loss among cities surveyed) may adversely affect the municipality building department staff levels with the possible loss of inspector and plan reviewer positions and therefore may affect the quality of their building regulation program and its ability to serve the public.

LONG-RANGE IMPACTS:

1. If municipalities do not win voter approval to enforce building codes in the existing extended jurisdictional areas, it is projected that several hundred new single family and multi-family dwellings annually will not receive building inspections, since single family and multi-family dwellings in less than five-plexes are exempt from building permits under the Building Codes Division program.

TECHNICAL NOTES:

1. The moratorium provisions of HB91 prohibit municipalities from continuing inspection of projects under construction in the extended jurisdictional area immediately upon passage and approval. The projects in question will have current building permits issued by the municipality and the permits fees will have been paid to the municipality

2. During the moratorium period, the Building Codes Division will have to assume inspection responsibility for the extended jurisdictional area. Some of the construction projects in the extended area, such as single family dwellings in less than five-plexes, are exempt from the division building permit requirements, but will have been issued a municipal building permit. The division will not be able to perform the building inspections on these exempt projects, but will be able to complete the electrical and plumbing inspections, which are not exempt from division permit requirements. Municipal permit holders will not get the inspection service they paid for from the municipality.
3. The municipalities may have some liability for projects which were issued building permits in the extended jurisdictional area, since they can not complete inspections to assure code compliance.
4. Inherited (previously permitted by the municipality) non-exempt projects will be required to obtain state building and other permits from the Building Codes Division based on the normal fee schedules. The state may have some liability on such projects because it will not be possible for the state to complete all inspections at appropriate times during construction, due to the stage of construction when such projects are inherited by the state.
5. Section 1 (2) establishes the "affected area" to be the same as "municipal jurisdictional area" as defined in 50-60-101, MCA. Upon passage and approval of the bill, there would be no extended areas until created by a mail ballot election. Therefore, it appears the issue of the extended jurisdiction would be placed solely before the electors residing inside the city limits, which appears to counter the intent of the bill.